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A conceptual study on role of farmer producer organization in measurement, evaluation and enhancement of sustainable agricultural effectiveness

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Abstract---Agriculture in India employs more than 50% of the population. Constant support for agriculture from the public and private sources has not been able to reduce the plight of the farmers in India. They still lack access store sources and inputs needed for farming. In this scenario, Farmer Producer Organization (FPO) has been introduced to meet the needs of its members who are also the shareholders. Farmers Organization are essential institutions for the empowerment, Poverty alleviation and advancement of farmers and also the rural poor. Politically, Farmers Organization strengthens the political power of farmers, by increasing the likelihood that their necessity and opinions are heard by policy makers and the public. Economically, Farmers Organizations can help to farmers gain skills, access inputs, form enterprises, process and market their products more effectively to generate higher incomes. The present study aims to identify the services provided by the FPO. Government has initiated many FPO Initiative through different agencies such as State Governments, SFAC, NABARD, NCDEX, and NGOs.

Keywords---farmer producer organization, poverty alleviation, SFAC, NABARD.

Introduction

A producer organization (PO) is a legal entity formed by primary producers. Viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen. A PO can be a producer company, a co-operative society or any other legal form which provides for sharing of profits/ benefits among the members. In some forms like producer companies, institutions of primary producers can also become members of PO. Farmers Producer Organisation (FPO) is one type of PO where the members are farmers. Small Farmer's Agribusiness Consortium (SFAC) is providing support for promotion of FPOs. PO is a generic name for an organisation of producers of any produce, eg: agricultural, non – farm products, artisan products etc.

Objectives of the Study

- First and foremost, objective is to study Role of Farmer's Producer Organisation (FPO)
- To know the current status of FPO in our country.
- To understand the conceptual dimension's origin, growth and development of FPOs.
- To know the difference between Co-operative Societies and Producer Company.

Methodology

For the study Secondary data is collected through published articles, research papers and articles, magazines and websites.

Goal of FPO

The goal of FPO is to increase farmer's advantage in emerging market opportunities and their competitiveness. The primary operations of the FPOs include the supply of seed, market link ages and fertilizers, machinery, training, financial, networking and technical advice. The main aim of the FPO is to increase the income for the producers through an organization of their own. A small producer does not have volume to take advantage of economic of scale. A chain of intermediaries in agricultural marketing of ten works non-transparently, leading to a situation where the producer receives only a small portion of the value that the ultimate consumer pays. The FPO will help to eliminate the chain of intermediaries in agricultural marketing.

Current status of FPOs in our Country

Small Farmers' Agribusiness Consortium is the nodal agency in India promotes Farmer Producer Organization in India as appointed by Department of Agriculture, Cooperation & Farmers' Welfare, and Ministry of Agriculture & Farmers' Welfare. Since 2011, when government has introduced the concept of

Farmer Producer Companies, they are being promoted in country under various schemes of central and state government. As off now, In India 5000 Farmer Producer Organizations are promoted. All these FPOs are established under different central and state government schemes and are formed under various initiatives of Centre Government, State Government, NABARD, and under Corporate Social Responsibility programs of different private companies.

Different Promoting agency and percentage of FPOs promoted by them till 2019

From this exploded doughnut, it is simplified that NABARD is having highest percentages are in total FPOs promoted with 42% followed by other organization and trusts and foundation with 27%, SFAC is 3rd highest with 18% contribution and State Governments have a share of 10% and at 4th place and atleast with 3% we have National Rural Livelihood Mission supported by Ministry of Rural Development. Other Organisations includes-Bill & Melinda Gates Foundation, Reliance Foundation, Ambuja Cement Foundation, HDFC Foundation, C & A Foundation, HSBCCSR, Axis Bank Foundation, Jindal Steel & Power Limited, Syngenta Foundation and TATA Trust.

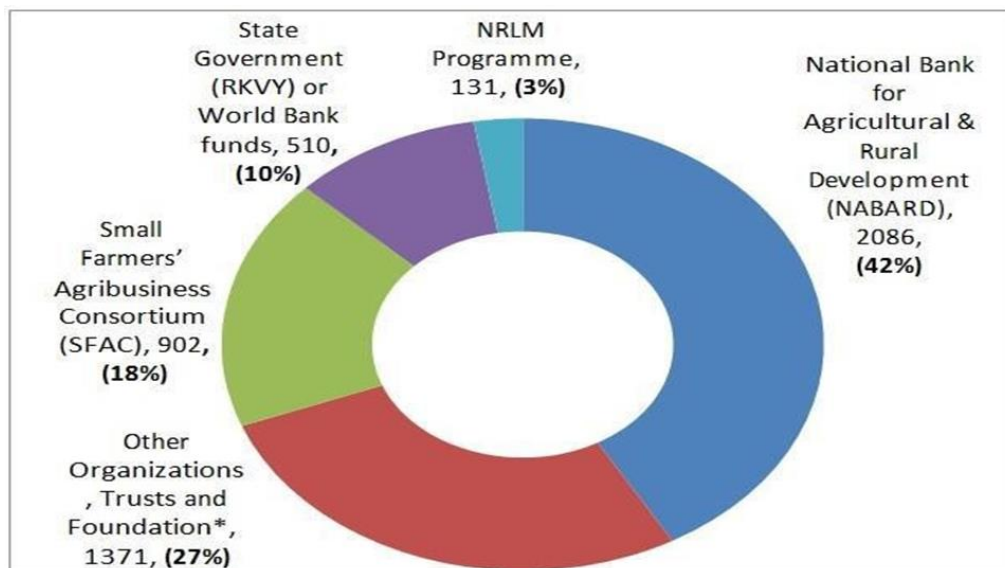


Chart 1. FPOs Promoted by the different Promoting agencies

Source: Strategy Paper for Promotion of 10,000 Farmer Producer Organisation (FPO), 2019

Essential Features of FPO

- The FPOs are voluntary organizations controlled by former-members who actively participate in making decisions and setting policies.
- The FPOs are open to persons who are willing to accept the responsibilities of membership without social, gender, political, racial or religious discrimination.

- The FPOs provide training and education for their farmer-members, manager selected representatives, and employees to contribute to the FPOs development effectively.
- The FPOs are promoted and formed through the cluster-based business organisations (CBBO) and engaged at the cluster or state level by implementing the agencies.
- The FPOs are promoted under the 'one district one product' to encourage better branding and specialisation, processing, marketing, and exports by the FPO.
- The FPO provide hand-holding, adequate training, and the CBBOS give the initial training.
- Priority is given for the FPO formation in aspirational districts, with a minimum of an FPO in every block of the aspirational districts.

Difference between Co-operative Societies and Producer Companies

Table 1
Co-operative Societies V/s Producer Companies

Parameter	Co-Operative Society	Producer Company
Registration	Co-operative society act	Indian companies act
Objectives	Single object	Multi object
Area of operation	Restricted, discretionary	Entire union of India
Membership	Individual and cooperative	Any individual, group, association, producer of goods or services
Share	Non-tradable	Non-tradable but transferable, Limited to members at par value
Profit sharing	Limited dividends on share	Commensurate with volume of business
Voting rights	One member, one vote but government and register of co-operatives hold veto power	One member, one vote. Member not having transaction with the company cannot vote.
Government control	Highly patronised to the extent of interference	Minimal, limited to statutory requirements
Extent of autonomy	Limited in "real world scenario"	Fully autonomous, self-ruled with In the provision of Act
Reserves	Created if there are profits	Mandatory to create every year
Borrowing powers	Restricted as per by-law. Any amendments to by-law need to be approved by the register and time consuming.	Borrowing limit fixed by special resolution in general meeting. Companies have more freedom to Raise borrowing power.
Relationship with other corporate or business houses or NGOs	Transaction base	Producers and cooperative entity can together float a producer company.

Activities Undertaken by FPO

As per the new guidelines, the FPOs may provide and undertake the following relevant major services and activities for the development. The FPO can supply quality production inputs like seeds, fertilizer pesticides at reasonably lower wholesale rates. FPO can make available need-based production and post-production machinery and equipment on custom hiring basis for members to reduce the unit production cost. FPO can engage in the process of value addition like cleaning, grading, packing, and also farm level processing facilities at a user charge basis on a per tonne basis. The FPO can make the facility for storage and transportation for its members. The FPO must undertake higher income-generating activities like seed production, beekeeping, mushroom cultivation etc. FPO needs to undertake aggregation of smaller lots of farmer's produce, add value to make them more marketable. Facilitate logistics services such as storage, transportation, loading or unloading etc. on a shared cost basis. FPO can market the aggregated produce with better negotiation strength to the buyers and in the marketing with better and remunerative prices.

Types of Farmers

Table 2
Different Types of Farmers

Types	Uses
Marginal Farmers	Farmers who have less than 1 hectare of land
Small Farmers	Farmers who have 1 or 2 hectare of land
Semi-Medium Farmers	Farmers who have 2 to 4 hectare of land
Medium Farmers	Farmers who have 4 to 10 hectare of land
Large Farmers	Farmers who have more than 10 hectare of land

Conclusion

Farmer Producer Organizations are having enough potential to help small and medium farmers of India, either they are registered as FPOs or Co-operatives, they are helping farmers. But they do have certain limitations related to finance and managerial skills like negotiation and leadership, so necessary steps should be taken by NBFC and by entrepreneurship development institute to overcome both the issues respectively. Other than this Board of Directors of FPOs should also be trained in how to prepare a business plan. That's the most basic step. Promoting Institutes should involve themselves more and more with FPOs so that they can help them in networking the business.

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